

Message Text

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LIMDIS FOR ASSISTANT SECRETARY ENDERS

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QUOTE

C O N F I D E N T I A L DOHA 0312

LIMDIS

E.O. 11652: GDS

TAGS : ENRG QA

SUBJECT : QATARI OIL MINISTER COMMENTS ON OPEC SUMMIT AND
OTHER OIL-RELATED SUBJECTS.

1. SUMMARY: QATARI OIL MINISTER HAS INDICATED RESERVE RE
SUMMIT PROPOSALS FOR OPEC FUND AND FERTILIZER PROPOSALS AND
THAT DIFFERING VIEWS ON PRODUCTION ALLOCATIONS HAD OPEC-
WRECKING POTENTIAL. HE SAID LARGE PRODUCERS, LIKE SAUDIS
AND IRANIANS, SHOULD SACRIFICE TO MAINTAIN REVENUES OF SMALL
PRODUCERS LIKE QATAR. ON GOQ'S PRESENT OIL SITUATION, HE
MAINTAINED LINE THAT GOQ WOULD HOLD PRESENT PRICE LEVEL AND BE
ABLE TO DISPOSE FO ANY SURPLUS. END SUMMARY.

2. DURING MARCH 16 CONVERSATION WITH AMBASSADOR, GOQ MINISTER
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OF FINANCE AND PETROLEUM, SHAYKH ABDUL AZIZ BIN KHALIFA AL THANI,

COMMENTED ON OPEC SUMMIT AND NUMBER OF OTHER OIL-RELATED SUBJECTS. IT SHOULD BE BORNE IN MIND THAT ABDUL AZIZ, ALTHOUGH HE IS SENIOR GOQ OFFICIAL RESPONSIBLE FOR OIL AFFAIRS WITH ADDED PRESTIGE OF BEING AMIR'S SON, IS STILL RELATIVELY UNVERSED IN INTRICACIES OF PETROLEUM AFFAIRS.

3. RE OPEC SUMMIT, ABDUL AZIZ SAID PRIMARY IMPORTANCE OF MEETING WAS THAT IT BROUGHT TOGETHER MOST OF PRODUCING COUNTRIES CHIEFS OF STATE OF PERSONAL EXCHANGE OF VIEWS. HE DECLARED THAT CONFERENCE PRODUCED CONSTRUCTIVE RESULTS. IN RESPONSE TO QUERY RE DISCUSSION OF CONTROVERSIAL ISSUES, HE INSISTED THAT THERE HAD BEEN NO SERIOUS CONFLICT OF VIEWS AMONG CONFEREES. HE NOTED, HOWEVER, THAT SUCH SWEEPING PROPOSALS AS OPEC FUND AND FERTILIZER PROJECT WERE OF SUCH GREAT MAGNITUDE THAT ON-SPOT DECISION IMPOSSIBLE AND PROPOSALS REFERRED TO COMMITTEES FOR FURTHER STUDY. HE EXPRESSED VIEW THAT BOTH WERE EXCELLENT IDEAS ALTHOUGH PERHAPS PREMATURE. ON CONSUMER/PRODUCER CONFERENCE, HE NOTED OPEC AGREEMENT TO ATTEND EARLY APRIL PREPARATORY SESSION IN PARIS, BUT HE OPINED THAT FULL CONFERENCE WOULD HAVE TO INCLUDE MUCH BROADER PARTICIPATION. AMB TOOK OCCASION TO REVIEW US POSITION ON CONSUMER/PRODUCER CONFERENCE. IN RESPONSE TO QUERY, ABDUL AZIZ SAID THAT US POSITION ON CONFERENCE NOT RPT NOT SPECIFICALLY DISCUSSED AT SUMMIT.

4. DESPITE HIS PREVIOUS STATEMENT THAT THERE HAD BEEN NO CONFLICTS DURING SUMMIT, ABDUL AZIZ CLARLY INDICATED THAT DISCUSSION OF PRODUCTION ALLOCATIONS HAD BEEN HEATED. HE DESCRIBED PROBLEM OF PRODUCTION ALLOCATIONS AS "TIME BOMB" WHICH COULD BLOW OPEC APART. HE EXPRESSED VIEW THAT OPEC MUST BITE BULLET ON ALLOCATING PRODUCTION TO PROTECT REVENUES OF SMALL PRODUCERS SUCH AS GOQ. HE SPECIFICALLY MENTIONED SAUDIS AND IRANIANS AS MAJOR PRODUCERS WHICH OBLIGATED TO BEAR PRINCIPAL BURDENS OF REDUCTIONS IF THIS NECESSARY TO MAINTAIN REVENUES. HE SAID OPEC MUST FACE ITS MEMBERS' DIFFERING "ECONOMIC REALITIES" WHICH MUST NOT BE DEFERRED BY "POLITICAL IMPERATIVES" OF INDIVIDUAL MEMBERS.

5. IN MARCH 16 PRESS INTERVIEW ON OPEC SUMMIT, ABDUL AZIZ STATED MEETING HAD ACHIEVED ITS REQUIRED AIMS, OF WHICH PRINCIPAL ONE WAS POEC UNITY. ASKED SPECIFICALLY ABOUT " THREATS
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OF DR. KISSINGER" AGAINST OIL PRODUCERS, ABDUL AZIZ DESCRIBED THREATS AS "UNREALISTIC" SINCE ENERGY CRISIS NOT RPT NOT CAUSED BY PRODUCERS. HE CONTINUED THAT THERE MUST BE BALANCE IN PRICES BETWEEN OIL AND MANUFACTURED GOODS AND, THEREFORE, WHENEVER INDUSTRIAL STATES RAISED THEIR PRODUCT PRICES, PRODUCERS HAVE "RIGHT" TO RAISE OIL PRICES IN PROPORTION.

6. RE GOQ'S OWN PRESENT PROBLEMS RE OIL PRODUCTION AND PRICE, ABDUL AZIZ ESPOUSED CURRENT GOQ LINE THAT IT WILL MAINTAIN ITS PRESENT PRICES AND CAN DISPOSE OF CRUDE WHICH OPERATING COMPANIES CLAIM IS UNLIFTABLE BECAUSE OF HIGH PRICE. ABDUL AZIZ ACKNOWLEDGED THAT GOQ'S PRESENT SITUATION SIMILAR TO THAT OF ABU DHABI AND THAT PRODUCTION HERE COULD BE REDUCED CONSIDERABLY AND STILL GENERATE REVENUE REQUIRED TO RUN COUNTRY AND ITS DEVELOPMENT PROGRAM. HE EXPRESSED GOQ'S DETERMINATION, HOWEVER, TO MAINTAIN CURRENT REVENUE LEVEL AND AGAIN REFERRED TO NECESSITY OF PRODUCTION ALLOCATIONS WITHIN OPEC TO SOLVE PRESENT PROBLEM. HE NOTED THAT GOQ'S PRESENT PRODUCTION LEVEL OF ABOUT 500 THOUSAND BPD WAS ROUGH AVERAGE BETWEEN TOTAL CAPACITY AND MINIMUM REQUIRED TO KEEP COUNTRY GOING. HE REFERRED SEVERAL TIMES TO "POLITICAL PRESSURES" AS A PRINCIPAL FACTOR IN THE PRESENT SQUEEZE ON OIL PRICES, BUT WAS UNABLE TO DEFINE THESE ALLEGED "PRESSURES". PAGANELLI UNQUOTE INGERSOLL

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